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INTRODUCTION

The Chippewa County Friend of the Court (FOC) had a contract with the Michigan Family Independence Agency (FIA) to enforce all orders of support over which the Chippewa County FOC had jurisdiction, to locate absent parents, and to provide certain reports on child support collections to the FIA. Chippewa County FOC billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Chippewa County for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Chippewa County FOC for the period January 1 through December 31, 1998. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if the costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Chippewa County FOC overbilled FIA for salaries and underbilled for retirement costs. The State share of the amount overbilled was \$1,178. (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$1,178 from the Chippewa County FOC.

FOC RESPONSE

Per our telephone conversation on January 8, 2001, the FOC is in general agreement with the findings in the report.

FINDINGS

Personnel – Salaries Billed but Not Recorded in the General Ledger

1. The Chippewa County FOC overbilled FIA \$15,977 for a referee whose salaries were paid out of a separate account. The salaries were not recorded in the general ledger for the year 1998 and are therefore unallowable. (See Schedule A.)

Personnel- Retirement Costs Not Included in Billings

2. The Chippewa County FOC underbilled FIA \$14,318 for retirement costs that were recorded in the general ledger but were not billed for. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$1,178 from the Chippewa County FOC.

Finding #	Line Item	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Personnel	1998	\$ (16,497)	96.85%	\$ (15,977)		
2	Personnel	1998	\$ 14,784	96.85%	\$ 14,318		
Grand Total of the IV-D Audit Adjustments					<u>\$ (1,659)</u>		

Calculation of the Payment Due the (State) County

Audited IV-D Amount	275,346
IV-D Amount Used for the Payments Actually Made	<u>(277,005)</u>
IV-D Audit Adjustment Due (State) County	<u>(1,659)</u>

71.03% (1,178)